

THE GEORGE WASHINGTON UNIVERSITY
Washington, D.C.

MINUTES OF A REGULAR MEETING
OF THE FACULTY SENATE HELD ON
JANUARY 18, 1991, IN LISNER HALL
ROOM 603

The President called the meeting to order at 2:17 p.m.

Present: President Trachtenberg, Vice President French, Registrar Gaglione, Parliamentarian Steinhardt, Berman, Burdetsky, Divita, East, Garri, Giordano, Griffith, Gross, Handorf, Harrington, Holmes, Infeld, Kirsch, Moore, Parke, Parrish, Robbins, Robinson, Rycroft, Schiff, Spanogle, Vontress, Yezer, and Ziolkowski

Absent: Friedenthal, Gupta, Kahn, Keimowitz, Kenny, Leonard, Park, Trangsrud, and Walker

President Trachtenberg introduced a new member of the Senate, William C. Handorf, Professor of Finance, who was elected to replace Professor Susan J. Tolchin, who is on sabbatical leave.

APPROVAL OF MINUTES

The President called for approval of the minutes of the regular meeting of December 14, 1990, as distributed. Professor Griffith moved that a typographical error on page 1 in the title of Resolution 90/8 be corrected by changing the word "AMENDMENT" to "AMEND." No other amendments were made, and the minutes, as corrected, were approved.

RESOLUTIONS

RESOLUTION 90/10, "A RESOLUTION CHANGING THE NAME OF THE FACULTY SENATE COMMITTEE ON ATHLETICS TO THE COMMITTEE ON ATHLETICS AND RECREATION"

On behalf of the Committee on Athletics, Professor Schiff, Chairman, moved the adoption of Resolution 90/10, and the motion was seconded. Professor Schiff said that he believed the resolution to be self-explanatory, but he would be happy to answer any questions. There was no discussion. The question was called, and Resolution 90/10 was unanimously adopted. (Resolution 90/10 is attached.)

INTRODUCTION OF RESOLUTIONS

No resolutions were introduced.

BRIEFING ON FINANCIAL STATUS OF THE GWU MEDICAL CENTER BY
L. THOMPSON BOWLES, VICE PRESIDENT FOR MEDICAL AFFAIRS

In an effort to provide background on recent stories of some \$25 million losses and lay-offs in the Medical Center, Vice President Bowles presented a brief history of the financial status of the Medical Center from the 1970s to the present time. During the 1970s and early 1980s, the Medical Center amassed a reserve fund of some \$55 million called the "Medical Center Balance Account Fund" and a quasi-endowment fund of about \$33 million. During those years the Medical Center was able to accumulate that kind of surplus because the society, particularly the federal government through its Medicare/Medicaid programs, reimbursed the Medical Center for whatever costs it incurred to provide care. In 1987, at the time he assumed the Vice Presidency, the medical faculty members were very sensitive to the fact that the Medical Center Administration and the University had invested very little in the development of the physical plant of the Medical Center since its construction as a hospital in 1948. He said it was very difficult to do 1990-type surgery in a physical plant built 40 years ago. It was at this time that American Medical International, a for-profit medical chain, proposed a 40-year lease of the University Hospital with an investment of \$100 million in its physical development. After three years of study and negotiations with AMI, the proposed lease fell through because the AMI simply did not have sufficient capital to invest in the hospital. Consequently, three or four more years were lost without doing anything to upgrade the physical plant of the hospital. In addition to that, the cosmetic aspects of the hospital were becoming progressively uncompetitive with other hospitals in the area as they modernized their facilities and GW did not. Therefore, Vice President Bowles said that he felt an obligation to the faculty to facilitate their efforts to use some of the reserve fund as an investment in the University Hospital.

The 1990 budget year, he said, represented a culmination of two and one-half years of planning because during that year a number of capital projects were carried out, such as building a second cardiac catheterization laboratory and a second special-procedure radiology unit providing the capability for magnetic resonance imaging. Two wards of the hospital were remodeled to include private bathrooms and carpeting in order to create an environment that private paying patients would wish to come to if they needed hospitalization. In the process of carrying out these capital projects, Vice President Bowles said that the Medical

Center had to debit the reserve fund. But in addition to those capital investments in the Hospital, the Medical Center was losing money in its operating budget for a number of reasons. The federal government began to withdraw from its commitment to underwrite medical care and Blue Cross/Blue Shield, Aetna, and other commercial corporations that underwrite medical care also began to cut down on reimbursements. In other words, people were paying less for their medical care while costs at the Medical Center continued to rise. In this respect the medical profession has in a sense been a victim of its own success. With modern technology, people can be cured or helped in 1990 who would have been crippled or fatally condemned just a decade ago. But with the evolution of this technology and the personnel needed to operate it, medical care continues to be more expensive and will continue to be so in the future.

Vice President Bowles pointed out that the \$25 million decrement that occurred in the Medical Center Balance Account Fund last year did not touch any of the non-medical University funds. However, as the reserve fund of the Medical Center is exhausted by the end of this year, it will need to move into its own quasi-endowment fund which has been committed by the President and by the Board of Trustees to the Medical Center. A new budget has been presented to the Board that will reflect a loss this year and next, but should show a small operating surplus by 1993. He stated that this has been a hard and turbulent time for GW's Medical Center but that was true for medical centers throughout the country. Very few medical centers are affluent, and those that are generally do not treat indigent patients. He said that GW receives no state reimbursement and that last year the Medical Center provided some \$25 million in care for which it received no reimbursement. While GW feels it has a public obligation to provide indigent care, it has exceeded its capacity to pay for such care. In due course he thought there will be federal legislation that will help to underwrite the cost of some of the indigent care which would make an enormous difference in the financial health of the Medical Center. Vice President Bowles also noted that the Medical Center treats many federal officials and dignitaries from foreign countries and that the hospital must be prepared to provide advanced medical care 365 days a year. This dual mission that the Medical Center performs in D.C., i.e., providing indigent care and on-call care for dignitaries, was a major factor in getting the \$50 million matching grant in federal funds to modernize the University Hospital. He pointed out that President Trachtenberg did an incredible job in seeing this piece of legislation step-by-step through Congress and to the White House, and ultimately signed by President Bush on November 16, 1990. The University must now raise the matching \$50 million on its own to receive any of the federal funding.

In closing, Vice President Bowles hoped the faculty would not be concerned that this modernization project would distract the President's or the Board's attention from the full University. With the Medical Center in a healthy state, he said that it can be an enormous asset to this University as it has been in the past for many years.

A question and answer period followed, after which Professor Griffith thanked Vice President Bowles for his helpful presentation to the Senate.

INTRODUCTION OF AND REPORT BY LOUIS H. KATZ, VICE PRESIDENT AND TREASURER, ON BUDGETING FOR 1991-92

President Trachtenberg introduced Vice President Katz, who joined the University this year from Tulane University, succeeding Vice President Diehl as Vice President and Treasurer.

Vice President Katz gave a "snapshot" view of where the University stands in the present fiscal year. He said that yesterday for the first time the Board Finance Committee was presented a quarterly comparison of the projected fiscal year end with the budgeted outcome. This is a process that the University needed to start because it was important for the Board and the whole University community to see and especially for the financial managers to understand what needs to be done to keep the University in line with its budget. He reported a total shortfall in tuition revenues of approximately \$4.7 million. There are some savings, administration and general, where expenses are below budget. The bottom line is that the University is going to have to use some of its previously budgeted reserves to make up for the shortfall in tuition revenues. He said that revenues have increased 6% this year, but expenditures have increased 10%, a difference of 4% which the University cannot afford. It was clear that the University needed to find ways to reduce its expenditure base. The University was not in a period of time that it could pass on large increases in any category. He said that for next year he was projecting basically flat revenues; there will be some increase, but it will be much lower than it has been the last several years. For that reason, Vice President Katz said it was of great importance to build up reserves in the budget so that the University can provide for salary increases, for example. The only other variable the University has is to reduce its other expenditures. Given the changing demographics, the depressed economy, and the current world events, additional reserves would be necessary to make up for a possible shortfall in student enrollments. He said that the University would like to be able to reallocate some of its capital resources towards renovation of classrooms as was recently completed in three classrooms in Stuart Hall. Also the University

needs to continue its commitment to financial aid if it wants to maintain the quality of students it has attracted over the last several years. Vice President Katz noted that he would be looking at how we go about multi-year financial planning which would be very critical in how we look at resource allocation at this University. Finally, he said, there has been a lot of discussion about performance measurements, and he thought that that needed to be looked at too in all areas of the institution. Vice President Katz then offered to answer any questions the Senate might have. (A statement entitled Fiscal Year 1991 Year End, GWU Current Funds [Excluding Medical Center], Office of Vice President Katz, dated January 24, 1991, is attached hereto and made a part of these minutes.)

Professor Griffith asked Vice President Katz to explain more fully what he meant by reallocation of capital resources, and also, since flat revenues are projected, whether the administration had any plans to move to a more consultative budgeting process, if expenditures must be cut back across the University in order to generate salary raises.

Vice President Katz responded that we must look at the whole capital structure, part of which is the debt structure. Every year some capital is being provided out of the operating budget, and we need to have discussions as to where we can reallocate some of those resources. He thought that next year the University should be able to accomplish what it needs to do by reducing administrative budgets, but it cannot do this for the long term. One of the things that the University needs to do is build a process on how it can accomplish resource allocation.

Professor Robbins asked whether the Budget Advisory Team was the appropriate mechanism for developing a process for resource allocation. Vice President Katz replied that he thought it fit in very well with the BAT process which could be expanded to define the total process of resource allocation, annual budget, and performance measurements.

Professor Kirsch asked if it was possible to use the interest on the endowment funds for a short time to help us over this period. Vice President Katz replied that he has already made a few comments to the finance committees about this very issue and they were received favorably, but this was not an approval at all by the Board.

Professor Yezer noted that the University appeared to be having multi-million dollar problems in lining up revenues and expenditures, and asked whether the University could do better in the future or whether it was inherent in the present market. Vice President Katz replied that one of the problems was the lack of

good management information systems. This process must be refined to ensure that the budget numbers are realistic. The market was another problem. The events in the Middle East were affecting our off-campus programs and the enrollment side was a difficult one and not only in the full-time undergraduate area.

Professor Divita asked Vice President Katz if he was supportive of having the various units of the University develop financial statements. Vice President Katz replied that he was very supportive of having financial statements because he thought that the people who were operating those units could then understand if they were doing a good job or not.

Further discussion followed by Professors Divita, Garris, Yezer, Kirsch, Vice President Katz and President Trachtenberg.

Vice President Bortz reported that the administration was looking at some large software vendors that deal with educational institutions to see how quickly we can put in place the kinds of structures required to provide the information needed in a timely way. At present there are a variety of different administrative systems in place which interface in a very haphazard way and he looked forward to putting in place a system that would collect the information and then process it for proper analysis.

Professor Griffith then thanked Vice President Katz on behalf of the Senate for his very helpful presentation.

GENERAL BUSINESS:

I. NOMINATION FOR ELECTION OF CHAIR OF THE STUDENT FINANCIAL AID COMMITTEE

On behalf of the Executive Committee, Professor Griffith moved the nomination of Professor William C. Handorf for election as Chair of the Student Financial Aid Committee to replace Professor Tolchin, who is on sabbatical leave. The nomination was approved.

II. NOMINATION FOR ELECTION TO THE COMMITTEE ON HONORS AND ACADEMIC CONVOCATIONS

On behalf of the Executive Committee, Professor Griffith moved the nomination of Mr. David Anderson, Gelman Library, for election to the Committee on Honors and Academic Convocations to replace Mr. William B. Keller. The nomination was approved.

III. REPORT OF THE EXECUTIVE COMMITTEE

On behalf of the Executive Committee, Professor Griffith reported on the following items:

(1) In the February meeting of the Senate, two important items of business are expected to be taken up. The first is a report from the Special Committee on the Future Utilization of Non-Tenure-Accruing Appointments, and the second is a report from the Professional Ethics and Academic Freedom Committee on the Misconduct in Science Policy.

(2) The Faculty Assembly will meet this Tuesday, January 22nd. A resolution to change the Faculty Organization Plan to permit the calling of only one meeting of the Assembly per year will be taken up for action by the Assembly at this meeting.

(3) On behalf of the Senate, the Executive Committee will be co-sponsoring with the Office of Academic Affairs an Orientation Breakfast for new faculty on January 29th. This is a very important effort to try to welcome new faculty to the University and to explain to them, among other things, the faculty role in governance.

(4) In light of repeated reports in the Hatchet of incidents on campus of various crimes, etc., the Executive Committee invited Vice President Chernak and the Director of University Police Goode to an Executive Committee meeting in December for a discussion of the situation. The Committee received a very helpful briefing from Director Goode, and the Committee was considering inviting Director Goode to address the Senate on campus security in the Spring Term.

(5) The Executive Committee has not yet received mission statements from all Chairs of Senate Standing Committees, and it would appreciate receiving such statements from those Chairs who have not yet sent them.

(6) The Executive Committee will meet on January 25th to set the agenda for the February 8th Senate meeting.

BRIEF STATEMENTS

Professor Spanogle stated that he had a "constituent complaint." Early last year, when faculty signed up for Blue Cross/Blue Shield health care benefits, they were told that a pamphlet outlining the benefits would be mailed to participants. Blue Cross/Blue Shield is under the impression that the University had distributed these to everybody. The Records and Benefits Office has not sent them out although there is a large supply of

these pamphlets in that office. He said that his constituents were unhappy that this material has not been mailed to them. Vice President Bortz said that these pamphlets were supposed to be mailed out, and he indicated that he would take care of this matter.

ADJOURNMENT

Upon motion made and seconded, President Trachtenberg adjourned the meeting at 3:45 p.m.

A handwritten signature in cursive script, reading "J. Matthew Gaglione". The signature is written in dark ink and is positioned above the printed name and title.

J. Matthew Gaglione
Registrar

A RESOLUTION CHANGING THE NAME OF THE FACULTY SENATE
COMMITTEE ON ATHLETICS TO THE COMMITTEE ON ATHLETICS
AND RECREATION (90/10)

WHEREAS, the educational experience and community environment
of the University involves recreational as well as intercollegiate
athletics; NOW, THEREFORE

BE IT RESOLVED BY THE FACULTY SENATE OF THE GEORGE WASHINGTON
UNIVERSITY:

That the name of the Faculty Senate Committee on Athletics be
changed to the Committee on Athletics and Recreation.

Committee on Athletics
November 26, 1990

Adopted, January 18, 1991

1/24/91

FISCAL YEAR 1991 YEAR END
GWU CURRENT FUNDS (Excluding Medical Center)

	PROJECTION	BUDGET	VARIANCE
<u>REVENUES</u>			
STUDENT FEES	\$164,500,000	\$169,238,575	(\$4,738,575)
GRANTS & CONTRACTS			
PROGRAM FUNDS	22,400,000	20,465,000	1,935,000
INDIRECT COST RECOVERIES	3,100,000	2,400,000	700,000
GIFTS & BEQUESTS	3,900,000	3,312,000	588,000
ENDOWMENT INCOME			
INTEREST and DIVIDENDS	3,600,000	4,233,375	(633,375)
INVESTMENT PROPERTIES (net)	6,800,000	5,436,000	1,364,000
OTHER INVESTMENT INCOME	900,000	125,000	775,000
AUXILIARY ENTERPRISES	29,100,000	29,458,950	(358,950)
OTHER	4,000,000	3,636,000	364,000
TOTAL REVENUES	238,300,000	238,304,900	(4,900)
=====			
<u>CURRENT EXPENSES</u>			
ADMINISTRATION and GENERAL	21,400,000	24,315,669	2,915,669
STUDENT SERVICES	10,900,000	8,941,075	(1,958,925)
INSTRUCTION and DEPT PROGRAMS	90,600,000	91,072,368	472,368
SPONSORED PROGRAMS	20,400,000	18,700,000	(1,700,000)
LIBRARIES	8,200,000	7,683,340	(516,660)
STUDENT AID	28,700,000	27,827,491	(872,509)
MAINTENANCE & OPER of PLANT	17,900,000	17,427,964	(472,036)
AUXILIARY ENTERPRISES	26,600,000	27,651,472	1,051,472
OTHER	5,100,000	3,815,548	(1,284,452)
SUBTOTAL	229,800,000	227,434,927	(2,365,073)
LESS EQUIP. INCLUDED ABOVE	6,300,000	5,155,882	(1,144,118)
TOTAL CURRENT EXPENSES	223,500,000	222,279,045	(1,220,955)
<u>CAPITAL EXPENDITURES</u>			
LOAN PRINCIPAL REDUCTIONS	6,000,000	5,987,973	(12,027)
PLANT and EQUIPMENT ADDITIONS	6,300,000	5,380,882	(919,118)
TOTAL CAPITAL EXPENDITURES	12,300,000	11,368,855	(931,145)
NET CHANGE PRIOR TO TRANSFERS	2,500,000	4,657,000	(\$2,157,000)
INTERFUND TRANSFERS - OUT(IN)	2,200,000	2,042,000	(158,000)
<u>OTHER BUDGET ITEMS</u>			
RESERVE FROM INVESTMT PROPERTIES	0	544,000	(544,000)
UNIVERSITY RESTRICTED RESERVES	0	1,000,000	(1,000,000)
RESERVE FOR DEFICIT REDUCTION	0	1,071,000	(1,071,000)
NET CHANGE	\$300,000	\$0	
=====			

FACULTY SENATE STANDING COMMITTEES

January, 1991

**THE GEORGE WASHINGTON UNIVERSITY
Washington, D. C.**

TO: Members of the University Faculty Assembly

FROM: William B. Griffith, Chair *Wm B Griffith*
Executive Committee of the Faculty Senate

RE: Call for Nominations for Election to Faculty Senate
Standing Committees, 1991-92 Session

In April, the newly-elected and incumbent Executive Committee of the Faculty Senate will meet jointly "to nominate the members and chairmen of the standing committees and special committees" of the Faculty Senate for the year 1991-92.

I urge all colleagues seriously to consider volunteering their service to one of the following Senate Committees during the forthcoming year. Please keep in mind that in the interest of "continuity" in committee membership, the Senate amended its Bylaws to read: "...elected members should consider it an obligation to stand for re-election to the same committee at least once." If you wish to be elected or re-elected to a Senate Committee, please return this form to:

**FACULTY SENATE OFFICE
RICE HALL, #305**

BY MARCH 29, 1991.

Administrative Matters as They
Affect the Faculty
Appointment, Salary, and Promotion
Policies (including Fringe Benefits)
Athletics
Dispute Resolution Committee (3-year term)
Educational and Admissions Policy
Faculty Development and Support
Fiscal Planning and Budgeting

Honors and Academic Convocations
Libraries
Physical Facilities
Professional Ethics and Academic
Freedom
Research
Student Financial Aid
University and Urban Affairs

Name _____ Department _____ Rank _____

Currently serving on the Senate Committee on: _____

Do you wish to be re-elected to this Committee? ____ Yes ____ No

I should like to serve on a Senate Committee according to my preferences below:

(1st Choice) _____

(2nd Choice) _____

(3rd Choice) _____

I will be available for committee work during the regular academic year ____ Yes ____ No

I will also be available for committee work during at least one of the summer sessions ____ Yes ____ No

I prefer not to serve during 1991-92 ____.

ADMINISTRATIVE STANDING COMMITTEES

January, 1991

THE GEORGE WASHINGTON UNIVERSITY
Washington, D. C.

TO: Members of the University Faculty Assembly

FROM: William B. Griffith, Chair *W B Griffith*
Executive Committee of the Faculty Senate

RE: Appointments to Administrative Standing and Special
Committees for the Year 1991-92

At its April and May meetings the Faculty Senate will recommend faculty for presidential appointment to membership on certain Administrative Standing Committees listed below. When the Executive Committee meets in March, it will draw up a list of faculty nominees for approval by the Senate.

If you are interested in volunteering your services--and I urge you to give the matter serious consideration--please indicate your preferences and return this form to:

**FACULTY SENATE OFFICE
RICE HALL, #305**

BY MARCH 11, 1991.

Committee on the Judicial System	Marvin Center Governing Board
Committee on Sponsored Research	Marvin Center Program Board
Committee on Student Publications	Panel for Student Grievance
Committee on University Bookstore	Review Committees
<u>GW Forum</u>	University Hearing Board
Joint Committee of Faculty and Students	

Name _____ Department _____ Rank _____

Currently serving on the Administrative Committee on: _____

Do you wish to be re-elected to this Committee? ____ Yes ____ No

I should like to serve on an Administrative Committee according to my preferences below:

(1st Choice) _____

(2nd Choice) _____

(3rd Choice) _____

I will be available for committee work during the regular academic year ____ Yes ____ No

I will also be available for committee work during at least one of the summer sessions ____ Yes ____ No

I prefer not to serve during 1991-92 ____.

THE GEORGE WASHINGTON UNIVERSITY
Washington, D.C.

The Faculty Senate

January 7, 1991

The Faculty Senate will meet on Friday, January 18, 1991, at 2:10 p.m. in Lisner Hall 603.

AGENDA

1. Call to order
2. Approval of the minutes of the regular meeting of December 14, 1990
3. Resolutions:

A RESOLUTION CHANGING THE NAME OF THE FACULTY SENATE COMMITTEE ON ATHLETICS TO THE COMMITTEE ON ATHLETICS AND RECREATION (90/10); Professor Stefan O. Schiff, Chairman, Committee on Athletics (Resolution 90/10 is attached)
4. Introduction of Resolutions
5. Briefing on financial status of the GWU Medical Center by L. Thompson Bowles, Vice President for Medical Affairs
6. Introduction of and Report by Louis H. Katz, Vice President and Treasurer, on budgeting for 1991-92
7. General Business:
 - (a) Nomination for election of Chair of the Student Financial Aid Committee as replacement for Professor Tolchin who will be on sabbatical leave (Spring 1991)
 - (b) Nomination for election of Mr. David Anderson, Gelman Library, to the Committee on Honors and Academic Convocations as replacement for Mr. William B. Keller
 - (c) Report of the Executive Committee: Professor William B. Griffith, Chair
8. Brief Statements
9. Adjournment



J. Matthew Gaglione
Registrar

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Committee on Athletics
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